

**TESTIMONY OF  
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BEFORE THE  
JOINT COMMITTEE ON PRINTING  
UNITED STATES CONGRESS**

July 10, 2002

I am pleased to appear before the Committee today to address the role of the Government Printing Office (GPO) in handling federal agency printing needs and ways for ensuring open and effective information dissemination. This Administration's policy for addressing printing needs provides a useful illustration of the President's instruction that his Administration should act forcefully to improve the performance of government.

Our new approach to printing, announced in May, reflects that agencies should be free to seek the best price and service for their printing needs. While open competition is simple common sense and common practice in most contexts, it has not been the rule for executive branch printing purchases for over a century. Instead, essentially all agencies have been required to have these needs provided by or through the GPO, and thereby been unable to control either the cost or the quality of products for which they are accountable.

It is difficult to understand why the GPO has been granted a monopoly status for so long. Americans have rightly been suspicious of monopolies throughout our history, and tend to accept them only as a last resort, where no alternative seems feasible. We recognize that free competition puts consumers in the driver's seat, expanding choices and improving service. Competition has also been demonstrated to provide these same benefits to the federal government when it acts as a consumer. The GAO and the Center for Naval Analysis, who have studied scores of competitions, have come to the same conclusion: opening services up to competition generates cost savings of 35 percent, on average. Especially in the case of a service as common and commercially available as printing, there is every reason to expect savings in this range.

### **The Effects of GPO's Monopoly Status**

More than a decade ago, the General Accounting Office (GAO) conducted a general management review of the printing and procurement operations of the GPO. The Comptroller's conclusion could not have been clearer: "Fundamentally, GPO's centralized control over government printing has provided little incentive to improve operations and provide quality services at competitive prices." The report goes on to chronicle the problems associated with GPO printing:

- Printing performed in-house by GPO can cost 50 percent more than printing done in the commercial sector;

- Work is contracted to poorly performing contractors; and
- Customer service efforts are hampered by poor communications with customers and poor systems for tracking and resolving customer complaints.

There is no evidence of change in the years since this report was issued. Just two years ago, in fact, the GAO again found that "GPO's monopoly-like role in providing printing services perpetuates inefficiency because it permits GPO to be insulated from market forces and does not provide incentives to improve operations that will ensure quality services at competitive prices."

Recent agency experiences bear out these shortcomings. Here are just a few examples of their complaints:

- *There is no incentive to be cost-effective.* Federal offices in remote locations (hundreds of miles from GPO offices) have been denied permission to use private printers -- even for duplicating work under \$1000 that is required within 48 hours and color copying costing less than \$500. The Department of the Interior (DOI) informed us that repeated pleas in the name of economy, speed, and simplicity of procurement, and promises to report to the public printer on results annually to demonstrate the effectiveness of a waiver, have gone unheeded.
- *The process invites inefficiency.* Current protocol generally prevents agencies from communicating directly with GPO contractors (when GPO decides to contract out the agency's work). Misunderstandings result: contractors may fail to understand what the agency needs; agencies are not always aware of contractor capabilities. The Army Corps of Engineers told us that, in one instance, it expended more money explaining its printing problems to the GPO than the GPO's printing contractor was paid for the printing job.
- *Customer satisfaction is not a priority.* The GPO -- not the agency -- decides who will perform the work. In essence, the GPO is authorized to substitute its judgment for that of the agency, even though the agency is responsible for mission performance. The Office of Personnel Management (OPM) reported that despite its need for stringent quality standards, GPO selected a contractor which proved incapable of meeting those standards, forcing the agency to conduct multiple costly on-site press inspections. OPM also told us that GPO failed to advise the agency when its contractor encountered financial difficulties and was unable to continue meeting its contractual requirements.
- *You don't always get what you pay for.* Correcting unsatisfactory work, even for a relatively routine effort, takes months when it should be solved in weeks, if not sooner. Several agencies, including DOI, told us that they ended up negotiating corrective action directly with the GPO's commercial contractor -- despite the fact that the agency pays GPO a fee to serve as a middleman.

These concerns are even more troubling in view of the \$50 to \$70 million per year in premiums and fees imposed by the GPO, for its contracts with its sole printer. These are the

are classic characteristics of a monopoly and certainly not the mark of a performance-based government.

## **Competition as Key**

There seems little reason to accept these sub-par results when the many commercial contractors who are not currently part of the GPO's network of providers are ready, willing and able to perform. We've talked to individual printers and their representatives with printing presses from all over America. There is a desire to see much more printing go out to the private sector.

- The U.S. Chamber of Commerce, the world's largest business federation representing more than three million businesses and organizations of every size, sector, and region, has long been a proponent of opening up the government's commercial activities to greater competition and supports the philosophy behind the Administration's new policy.
- National Small Business United (representing more than 65,000 small businesses) and the Coalition for Outsourcing and Privatization (representing 23 separate organizations) have advised us that they welcome the opportunity our new policy will provide by opening printing to broader marketplace competition.

Even the consultants hired by GPO in the late 1990s to evaluate its operations acknowledged that there is strong need for improving the efficiency and effectiveness of the organization. There is no better way to drive such improvement than to require GPO to compete for its customers' business.

Those who most ardently resist making GPO compete for work generally point to one of two arguments, namely that: (1) agencies will lose the economies of scale the GPO achieves in its role as a central buyer, or (2) decentralizing responsibility for government printing will impair the public's access to government information. These arguments are unpersuasive, and, even if they were, would not justify trapping federal agencies as prisoners of monopolies.

*Agencies will gain, not lose, an ability to get good deals.* Several vehicles exist within the executive branch to help the government leverage its buying power. For example, the Multiple Award Schedules Program operated by the General Services Administration is designed to facilitate access to a wide array of commercial contractors who compete for work offering their most favored customer pricing. Agencies will be free to contract directly with the commercial printers that demonstrate through competition their ability to meet agency needs most effectively. In this fashion, accountability for contracting will appropriately rest with those who are ultimately accountable for mission results, rather than having an independent third party calling the shots.

*Expanding opportunities for the private sector will not undermine effective information dissemination.* Efforts to vest printing procurement decision-making with the agencies are met with concern that more government documents will become "fugitive" -- never making their way to the Superintendent of Documents, who is responsible for indexing, cataloging and distributing documents to the public through the Federal Depository Library Program.

To ensure printing is done in a timely, efficient manner, the new government of printing will provide a

their ongoing responsibility to make documents available to the Federal Depository Library Program, including when private printers are used. We have asked the Federal Acquisition Regulatory Council (which oversees the government-wide Federal Acquisition Regulation (FAR)) to promulgate a rule requiring printing contractors to submit electronic copies of their documents to the Superintendent of Documents for rapid distribution to the Depository Library Program.

As a more general matter, the Administration is aggressively seeking to take greater advantage of the Internet. Dissemination of government information in electronic formats, usually through agency websites, makes information available to the citizen promptly, twenty-four hours a day, seven days a week. The federal government makes some 33 million electronic pages of information available to the public through its web portal at FirstGov.Gov; recent enhancements to FirstGov have made it easier to access and use government information.

### **The New Policy for Printing**

As a matter of Administration policy, agencies have been requested to select printing and duplicating services based upon the best quality, cost, and time of delivery. This means that the GPO and the private sector should compete for work on a level playing field, based on a full account of all costs to the taxpayer. Specifically:

- The agency is free to use the services of the GPO, in accordance with the Economy Act, when the GPO can provide the better combination of quality, cost, and time of delivery; and
- The agency should contract with the private sector when it offers the better combination of quality, cost, and time of delivery.

Agencies will report to OMB annually on the overall cost of their printing and duplicating operations. Reports will include a full accounting of all costs of the work performed by GPO, work performed in-house, work contracted directly to the private sector, and agency compliance with their responsibility for making information available to the public, including through the depository libraries.

### **Conclusion**

Reflecting on the state of government buying practices for printing, one former Public Printer concluded that public printing law is out of date and should be revised "to meet changed conditions, based on common sense ideas." The Public Printer was Oscar Ricketts and the statement was made before the Congressional Printing Investigation Commission in 1906. Almost a century later, it is time to take his advice.